

correspondence with Governmental Authorities in connection with Tax Returns or Taxes required to be filed or paid by or with respect to any IPC Company; (b) by promptly informing each other of notices of any Tax Audit or other Tax proceeding in respect of which one or more of the parties or any of its Affiliates may have a liability; and (c) by executing any reasonably necessary powers of attorney.

Section 7.3 Transfer Taxes. The Dynege Parties (other than IPC), on the one hand, and Purchaser, on the other hand, shall share equally all documentary, sales, use, real property transfer, real property gains, registration, value added, transfer, stamp, recording and similar Taxes, fees and costs together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with the transactions contemplated by this Agreement ("Transfer Taxes"). The Dynege Parties (other than IPC) and Purchaser shall be responsible for jointly preparing and timely filing (and cooperating with one another in preparing and filing) any Tax Returns required with respect to any such Transfer Taxes. The party responsible under the applicable Transfer Tax law for paying a Transfer Tax (the "Transfer Tax Party") shall make due and timely payment of the Transfer Tax to the applicable Taxing Authority, provided that the other party pays the Transfer Tax Party, no later than two Business Days prior to the date such Transfer Tax is due, such other party's 50% share of such Transfer Tax. The Transfer Tax Party will provide the other party a true copy of each such Tax Return as filed and evidence of the timely filing thereof.

Section 7.4 FIRPTA Certificate. Seller shall deliver to Purchaser at the Closing a certificate, in form and substance reasonably satisfactory to Purchaser, certifying that the transactions contemplated hereby are exempt from withholding under Section 1445 of the Code.

Section 7.5 Tax Sharing Arrangements. Seller shall cause the provisions of any Tax Sharing Arrangement between any IPC Company, on the one hand, and Seller or any of its Affiliates (other than any IPC Company), on the other hand, to be terminated as of the Closing Date, and any such Tax sharing Arrangements shall have no further effect for any taxable year or period (whether current, future or past), except to the extent of Non-Income Tax liabilities included in the calculation of Final Adjusted Working Capital.

Section 7.6 Tax Refunds. Seller shall be entitled to any Tax Refund resulting from any Final Determination regarding Taxes for any Pre-Closing Tax Period (except to the extent such Taxes have been actually borne by Purchaser). If any such Tax Refund is received by Purchaser, any IPC Company or any of their respective Subsidiaries or Affiliates, Purchaser shall forward any such Tax Refund to Seller (including any interest actually received) within ten days after receipt thereof. Purchaser shall pay Seller interest at the rate prescribed under Section 6621(a)(1) of the Code, compounded daily, on any amount not paid when due in accordance with the foregoing sentence. Purchaser shall be entitled to any Tax Refund resulting from any Final Determination regarding Taxes for any Post-Closing Tax Period. If any such Tax Refund is received by Seller or any of its Subsidiaries or Affiliates, Seller shall forward any such Tax Refund to Purchaser (including any interest actually received) within ten days after receipt thereof. Seller shall pay Purchaser interest at the rate

prescribed under Section 6621(a)(1) of the Code, compounded daily, on any amount not paid when due in accordance with the foregoing sentence.

Section 7.7 Section 338(h)(10) Election.

(a) The parties hereto agree that they will jointly make a timely and irrevocable election pursuant to Section 338(h)(10) of the Code and the Treasury Regulations thereunder (and, if permissible, under any applicable state or local Income Tax laws) with respect to Purchaser's purchase of the Common Shares and the Preferred Shares (collectively, the "Section 338(h)(10) Election"). Dynegy, Seller, Purchaser and their respective Affiliates shall report the transactions consistent with such Section 338(h)(10) Election and shall take no position contrary thereto unless and to the extent required to do so pursuant to a Final Determination.

(b) Purchaser shall be responsible for preparing drafts of all forms, attachments and schedules necessary to effectuate the Section 338(h)(10) Election (including Internal Revenue Service Forms 8023 and 8883 and any similar forms under applicable state or local income tax laws (the "Section 338 Forms")). The parties shall execute and deliver Internal Revenue Service Form 8023 at the Closing, which form shall be final and binding on the parties without further adjustment. At least 120 days prior to the latest date for the filing of each other Section 338 Form, Purchaser shall furnish Seller with a copy of each such draft Section 338 Form prepared by Purchaser together with a copy of a report (the "Allocation Report") of the proposed allocation of the purchase price for federal income tax purposes (less any amount allocated to the EEI Shares pursuant to Schedule 7.7). If within 30 days of Seller's receipt of such Section 338 Form and Allocation Report, Seller shall not have objected in writing to such Section 338 Form or Allocation Report, such Section 338 Form and Allocation Report shall be final and binding on the parties and the IPC Companies without any further adjustment. If at least 60 days prior to the latest date for the filing of such Section 338 Form, Seller and Purchaser cannot agree upon the final form and content of such Section 338 Form or the Allocation Report, any disagreement with respect to such Section 338 Form or the Allocation Report shall be resolved, at least 30 days before the last day for the filing of such Section 338 Form, by the Accounting Firm. The resolution of the Accounting Firm shall be final and binding on the parties and the IPC Companies without any further adjustment. The Section 338 Form and the Allocation Report shall be revised to reflect the resolution of the Accounting Firm and, once revised, shall be final and binding on the parties and the IPC Companies without any further adjustment. The costs, expenses and fees of the Accounting Firm shall be borne equally by Seller and Purchaser. Once such Section 338 Form is final and no later than the last date for filing of such Section 338 Form, Dynegy, Seller and Purchaser shall execute such Section 338 Form, and Purchaser shall file such Section 338 Form with the applicable Taxing Authority. Notwithstanding the foregoing, Dynegy, Seller and Purchaser shall fully cooperate to jointly prepare and execute additional Section 338 Forms in a timely manner as reasonably necessary with respect to subsequent adjustments of Purchase Price following the Closing.

(c) Schedule 7.7 sets forth the allocation of the Purchase Price among the Common Shares and the Preferred Shares, on the one hand, and the EEI Shares, on the other hand. Seller and Purchaser agree, for all Tax purposes, to allocate any adjustment to the purchase

price relating to the Common Shares and the Preferred Shares to the item or items to which it is principally attributable.

Section 7.8 Tax Indemnification.

(a) After the Closing, the Seller Indemnitors shall be jointly and severally liable for and pay, and the Seller Indemnitors shall jointly and severally indemnify and hold harmless each Purchaser Group Member from and against, any and all Indemnifiable Losses due to: (i) any Taxes imposed on or with respect to Dynegy or Seller or any of their Affiliates (other than any IPC Company), or for which Dynegy or Seller or any of their Affiliates (other than any IPC Company) may otherwise be liable, attributable to any and all taxable years or periods; (ii) any Taxes imposed on or with respect to any IPC Company attributable to any Pre-Closing Tax Period or resulting from any transaction in a Pre-Closing Tax Period (other than (A) Non-Income Taxes imposed on or with respect to any IPC Company (except as otherwise provided in Article IX by reason of Section 3.8) and (B) any Income Taxes attributable to transactions or other activities of Purchaser or its Affiliates entered into or occurring after the Closing on the Closing Date that are not expressly contemplated by this Agreement, to the extent such transactions or activities are not entered into or do not occur in the ordinary course of business); (iii) any Taxes for which any IPC Company may be liable as a result of having been a member of any Company Group (including Taxes for which any IPC Company is or may be liable pursuant to Section 1.1502-6 of the Treasury Regulations or similar provisions of state or local Law as a result of having been a member of any Company Group, and any Taxes resulting from any IPC Company ceasing to be a member of any Company Group, as the case may be); and (iv) any Taxes resulting from or arising out of any Section 338(h)(10) Election. It is understood and agreed, for the avoidance of doubt, that the Seller Indemnitors shall be jointly and severally liable for and pay, and shall jointly and severally indemnify and hold harmless each IPC Company from and against, any and all Indemnifiable Losses due to any Income Taxes incurred by a Seller or any IPC Company attributable to the Pre-Closing Tax Period as a result of or relating to the transactions contemplated by this Agreement.

(b) After the Closing, Purchaser shall be liable for and pay, and Purchaser shall indemnify and hold harmless each Seller Group Member from and against any and all Indemnifiable Losses due to: (i) any Taxes imposed on or with respect to any IPC Company attributable to any Post-Closing Tax Period; (ii) Non-Income Taxes imposed on or with respect to any IPC Company; and (iii) any Income Taxes of any IPC Company attributable to transactions or other activities of Purchaser or its Affiliates entered into or occurring after the Closing on the Closing Date that are not expressly contemplated by this Agreement, to the extent such transactions or activities are not entered into or do not occur in the ordinary course of business; provided, however, that Purchaser shall not be liable for or pay, and shall not indemnify or hold harmless any Seller Group Member from and against any and all Indemnifiable Losses due to, Taxes for which Sellers are liable under this Agreement (including under Section 7.8(a) or Article IX (taking into account the limitations set forth in Section 9.5) by reason of a breach of Section 3.8).

(c) Purchaser or Dynegy (on behalf of the Seller Group Members), as the case may be, as the Indemnified Party, shall promptly notify Dynegy (on behalf of the Seller Group

Members) or Purchaser as the Indemnifying Party, in writing upon receipt by the Indemnified Party or any of its Affiliates, of notice of any pending or threatened federal, state, local or foreign Tax Audits that may give rise to an indemnification claim related to Taxes (a "Tax Controversy") and thereafter shall promptly forward to the Indemnifying Party copies of notices and communications with the relevant Governmental Authority relating to such Tax Controversy, provided, however, that a failure to comply with this provision shall not affect the Indemnified Party's right to indemnification hereunder except to the extent such failure materially impairs the Indemnifying Party's ability to contest any such Tax liabilities. Except as provided in this Section 7.8(c), the Indemnifying Party may elect to control, and may elect to have sole discretion in handling, settling or contesting any Audit inquiry, information request, Audit proceeding, suit, contest or any other action with respect to a Tax Controversy for which it would be required to indemnify the other party, provided the Indemnifying Party first acknowledges in writing that it has liability for Taxes that might arise in such proceeding. Notwithstanding the foregoing, the Indemnifying Party shall not settle any Tax proceeding with respect to a Tax Controversy on a basis that would materially adversely affect the Indemnified Party or its Affiliates without obtaining the Indemnified Party's written consent, which consent shall not be unreasonably withheld or delayed. Any out-of-pocket expenses incurred by the Indemnified Party in handling, settling or contesting a Tax Controversy that the Indemnifying Party has elected to control under this Section 7.8(c) shall be borne by the Indemnified Party, to the extent incurred during any period the Indemnifying Party is, in fact, actively contesting such Tax Controversy. Dynegy, on the one hand, and Purchaser, on the other hand, shall jointly control, and shall each have the right to participate at its own expense in all activities and strategic decisions with respect to, any Tax proceedings for which each party would be required to indemnify the other party with respect to one or more Tax issues. Either Seller or Dynegy, or both, may assume sole control of any such Tax proceeding for any Straddle Period if it or they acknowledge(s) in writing that it or they has or have sole liability for any Taxes that might arise in such proceeding.

Section 7.9 Survival and Coordination. Notwithstanding anything herein to the contrary, Section 3.8 and this Article VII shall survive the Closing until 90 days after the expiration of the applicable statute of limitations (giving effect to any waiver, mitigation or extension thereof). Claims for indemnification with respect to Income Taxes shall be governed exclusively by this Article VII and Section 9.8 (but not by any other provision of Article IX).

ARTICLE VIII CONDITIONS TO CLOSING

Section 8.1 Conditions to Obligations of Seller. The obligations of Seller and Dynegy to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. The representations and warranties of Purchaser contained in this Agreement that are qualified as to materiality shall be true and accurate at and as of the Closing Date, with the same force and effect as if made as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and correct as of such date) and the representations and warranties that

are not qualified as to materiality shall be true and accurate in all material respects as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and accurate in all material respects as of such date). The covenants and agreements contained in this Agreement to be complied with by Purchaser at or before the Closing shall have been complied with in all material respects. Seller shall have received a certificate from Purchaser signed by an authorized executive officer thereof with respect to the matters described in this Section 8.1(a).

(b) Regulatory Approvals. Subject to Section 5.3, Final Orders described in Schedule 8.1(b) (and any necessary implementing regulations) shall have been obtained and shall not have (1) created a material adverse effect on the business, financial condition or results of operation of DMG, or on the business of selling capacity and energy products from or in respect of DMG's existing generation assets, (2) resulted in a change to the terms of the PPA that is adverse to the interests of DYPM, or (3) resulted in Seller or any of its Affiliates making payments or having any continuing obligations pursuant to or otherwise in respect of the Intercompany Note or making any additional capital contributions to any IPC Companies or Purchaser or any of its Affiliates as a condition to the transactions contemplated by this Agreement and the Ancillary Agreements.

(c) No Proceeding or Litigation. No Action shall have been threatened in writing or filed by any state or Federal Governmental Authority against any party seeking to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated by this Agreement or any Ancillary Agreement.

(d) No Order. There shall not be in effect any applicable Law or Governmental Order directing that the transactions contemplated by this Agreement or any Ancillary Agreement not be consummated or which has the effect of rendering it unlawful to consummate such transactions.

(e) Required Dynege Consents. Dynege, its Affiliates and the IPC Companies shall have received consents, in form and substance reasonably satisfactory to Dynege, to the transactions contemplated hereby which are specified in Schedule 8.1(e).

(f) Solvency Opinion. Dynege shall obtain an opinion letter (the "Solvency Opinion") (containing customary assumptions, qualifiers and disclaimers), reasonably satisfactory to Dynege, from a nationally recognized independent investment banking, appraisal or solvency firm substantially to the following effect as of the Closing:

(i) each of Dynege and Seller is not insolvent and will not be rendered insolvent as a result of the consummation of the transactions contemplated to occur at Closing;

(ii) the property of each of Dynege and Seller does not, and shall not, following the consummation of the transactions contemplated to occur at the Closing, constitute unreasonably small capital for each of Dynege and Seller to carry out its business as now conducted and as proposed to be conducted following consummation of the transactions contemplated to occur at the Closing; and

(iii) each of Dynegy and Seller has not incurred and does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be received, and of amounts to be payable on or in respect of the debts of each of Dynegy and Seller).

(g) Closing Deliveries. Purchaser shall have delivered to Seller each of the items required to be delivered to it pursuant to Section 2.6(a), (b), (c), (d), (f) and (g).

Section 8.2 Conditions to Obligation of Purchaser. The obligation of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. The representations and warranties of Seller and Dynegy contained in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and accurate at and as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and accurate as of such date), and the representations and warranties that are not qualified by materiality or Material Adverse Effect shall be true and accurate in all material respects as of the Closing Date with the same force and effect as if made as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and accurate in all material respects as of such date), except for instances where the failure to be true and accurate do not in the aggregate constitute a Material Adverse Effect. The covenants and agreements contained in this Agreement to be complied with by Seller and Dynegy at or before the Closing shall have been complied with in all material respects. Purchaser shall have received a certificate from Seller and Dynegy signed by an authorized executive officer thereof with respect to the matters described in this Section 8.2(a).

(b) Regulatory Approvals. Subject to Section 5.3, Final Orders with respect to the Governmental Orders described in Schedule 8.2(b) (and any necessary implementing regulations) shall have been obtained and shall not (A) have created a material adverse effect on the business, financial condition or results of operation (1) of Purchaser and its Subsidiaries, or (2) of the Business after Closing, (B) result in a change to IPC's deferred tax balances or rate base valuation or accounting entries other than as provided on Schedule 8.2(b), Item I (iv), (C) result in recovery of less than the portion of Purchaser's costs of accomplishing IPC's reorganization identified for recovery in accordance with Schedule 8.2(b), Item I(v), (D) subject IPC to any dividend restriction other than that set forth on Schedule 8.2(b), Item I (vi), (E) result in the operation by IPC without the rider identified on Schedule 8.2(b), Item I (vii), if such operation without such rider would have a material adverse effect on the business, financial condition or results of operation (1) of Purchaser and its Subsidiaries, or (2) of the Business after Closing, or (F) otherwise change the terms of the regulatory approvals described in Schedule 8.2(b), Items I (iv)-(vi), in a manner adverse to Purchaser or the IPC Companies.

(c) No Proceeding or Litigation. No claim, action, suit or proceeding shall have been threatened in writing or filed by any state or Federal Governmental Authority seeking to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated by this Agreement or any Ancillary Agreement.

(d) No Order. There shall not be in effect any applicable Law or Governmental Order directing that the transactions contemplated by this Agreement or any agreement contemplated hereby not be consummated or which has the effect of rendering it unlawful to consummate such transactions.

(e) Required Consents. Purchaser, Dynegy, its Affiliates and the IPC Companies shall have received consents, in form and substance reasonably satisfactory to Purchaser, to the transactions contemplated hereby and by the Ancillary Agreements which are specified in Schedule 8.2(e).

(f) No Changes. There shall not have occurred since the date hereof any change or event that individually or in the aggregate would reasonably be expected to result in a Material Adverse Effect.

(g) Solvency Opinion. Dynegy shall have delivered the Solvency Opinion to Purchaser that is reasonably satisfactory to Purchaser.

(h) Closing Deliveries. Dynegy and Seller shall have delivered, or caused to be delivered, to Purchaser each of the items required to be delivered to it pursuant to Section 2.5 (except clauses (d), (e), (f), (g) and (h) thereof).

(i) Interconnection Agreement. The interconnection agreement between Dynegy and IPC dated January 9, 2004 shall be in full force and effect and shall not have been amended.

(j) Closing of Tilton Assets Transactions. Solely if the Closing occurs after September 10, 2004, the Tilton Assets shall have been transferred to DMG and IPC shall have no remaining obligations with respect to the Tilton Assets. For avoidance of doubt, it is the intent of this Section 8.2(j) that all of IPC's rights, interests, assets, liabilities and obligations with respect to the Tilton Assets, including IPC's rights, interests, assets, liabilities and obligations with respect to the electric generating equipment and real estate at the Tilton Energy Center, shall have been transferred to or otherwise come to be held by DMG, through any means permissible under the agreements referred to in the definition of "Tilton Assets", excluding only those rights, interests, assets, liabilities and obligations of IPC as a public utility that are necessary for the continued operation by DMG of the Tilton Energy Center, including IPC's rights, interests, assets, liabilities and obligations under the Interconnection Agreement and the gas service contracts listed on Schedule 3.19.

Section 8.3 Effect of Certain Waivers of Closing Conditions. If prior to the Closing (i) any party (the "waiving party") has Knowledge of any breach by any other party of any representation, warranty or covenant contained in this Agreement or in any certificate delivered pursuant to this Agreement, (ii) the waiving party would have had the right not to proceed with the Closing as a result of such breach, and (iii) the waiving party proceeds with the Closing, the waiving party shall be deemed to have waived such breach and the waiving party and its Affiliates shall not be entitled to sue for damages or to assert any other right of remedy for any losses arising from any matters relating to such condition or breach, notwithstanding anything to the contrary contained herein or in any certificate delivered pursuant hereto. Solely for purposes of this Section 8.3, Knowledge shall be deemed to mean (a) with

respect to Purchaser, the actual knowledge (without independent inquiry) of the persons listed on Schedule 1.1(f) that Dynegy is able to demonstrate existed by clear and convincing evidence, and (b) with respect to Seller, the actual knowledge (without independent inquiry) of the persons listed on Schedule 1.1(f) that Purchaser is able to demonstrate existed by clear and convincing evidence.

ARTICLE IX INDEMNIFICATION

Section 9.1 Obligations of Dynegy. Effective as of the Closing, the Seller Indemnitors shall jointly and severally (subject to the last sentence of this Section) indemnify, reimburse and hold harmless each Purchaser Group Member from and against any and all Indemnifiable Losses due to:

(a) any breach of or inaccuracy in any of the representations and warranties made by any Dynegy Party, when made or at the Closing, in or pursuant to this Agreement (without regard to any qualifications as to materiality or Material Adverse Effect, except as provided in Section 9.9);

(b) any breach or nonperformance of any of the covenants or obligations of any Dynegy Party contained in this Agreement;

(c) the Generation Liabilities;

(d) the Excluded Environmental Matters;

(e) any liability related to the Tilton Assets;

(f) any obligation of any IPC Company as a guarantor of any underlying obligation of Dynegy or any of its Affiliates (other than an IPC Company);

(g) any net refund of amounts under IPC's purchased gas adjustment ("PGA") rider ordered by the ICC, whether effected by adjustment of any PGA factor or otherwise, in any PGA reconciliation proceeding relating to any portion of the period from January 1, 2001 to December 31, 2004, to the extent that payments or PGA adjustments required to be made by IPC pursuant to such order exceed the reserve established for potential liability in such proceeding as reflected in the calculation of the Final Adjusted Working Capital; or any disallowance by the ICC of IPC's gas costs or investment relating to events prior to the Closing at the Hillsboro gas storage field whether such disallowance shall be provided for in any PGA case ("working gas") or in a gas rate case ("cushion gas"), but only to the extent that such disallowance is not due to any imprudence by IPC after the Closing; provided, however, that the Seller Indemnitors' liability under this Section 9.1(g) with respect to any such refund or disallowance shall be equal to 50% of such refund or disallowance. With respect to indemnification required under Section 9.1(g), such indemnification shall be required notwithstanding the fact that the applicable order is subject to appeal, whether or not the full amount that IPC is required to pay or reflect in adjusted PGA rates under such order has been paid. In the event that the amount of IPC's liability pursuant to such order is later reduced or increased,

as a result of appeal or otherwise, IPC shall refund the amount of such reduction to Dynegy, or Dynegy shall pay IPC the amount of such increase, as applicable;

- (h) the litigation described in item 3 of Schedule 3.9; or
- (i) the matters referred to in Schedule 5.19.

Section 9.2 Obligations of Purchaser. Effective as of the Closing, Purchaser shall indemnify, reimburse and hold harmless each Seller Group Member from and against any and all Indemnifiable Losses due to:

- (a) any breach of or inaccuracy in any of the representations and warranties made by Purchaser, when made or at the Closing, in or pursuant to this Agreement (without regard to any qualification as to materiality or material adverse effect);
- (b) any breach or nonperformance of any of the covenants or obligations of Purchaser contained in this Agreement; or
- (c) the operation of the Business after the Closing.

Section 9.3 Procedures. The following procedures shall apply with respect to indemnification claims:

(a) Notice of Claims. Any party seeking indemnification of any Indemnifiable Loss or potential Indemnifiable Loss arising from an Indemnifiable Claim, whether asserted by a party or a third party, shall give written notice thereof to the party from whom indemnification is sought setting forth in reasonable detail the nature and reasonably estimated amount of, and basis for, such claim to the extent then known. Written notice to the Indemnifying Party of the existence of a third party claim shall be given by the Indemnified Party promptly after its receipt of an assertion of liability from the third party, and in any event within twenty days of such assertion; provided, however, that failure to give such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent it shall have been prejudiced by such failure. Within 20 days of notice by the Indemnified Party of any Indemnifiable Loss or potential Indemnifiable Loss arising from an Indemnifiable Claim, the Indemnifying Party shall notify the Indemnified Party whether or not it acknowledges its obligation to indemnify the Indemnified Party for the Indemnifiable Loss or potential Indemnifiable Loss with respect to such Indemnifiable Claim. The failure of the Indemnifying Party to respond in accordance with the preceding sentence shall be deemed a refusal by the Indemnifying Party to indemnify the Indemnified Party.

(b) Defense.

(i) In the case of a third party claim, the Indemnifying Party may participate in the defense thereof and, if it so chooses and irrevocably acknowledges its obligation to indemnify the Indemnified Party therefor, control the defense of an Indemnifiable Claim with counsel reasonably satisfactory to the Indemnified Party; provided, however, that if the Indemnified Party reasonably believes that (x) a material conflict of interest between the Indemnified Party and the Indemnifying Party with respect to the

claim or its defense exists or is likely to develop during the pendency of the litigation, and as a result of such conflict, the Indemnifying Party's incentive to defend such claim could reasonably be expected to be materially compromised, or (y) the claim raises serious issues regarding the integrity or moral character of the Indemnified Party or any of its Affiliates, or of its or their senior management, in its or their capacity as such (which issues are a fundamental element of the claim) then the Indemnified Party shall be entitled to control the defense of the claim in accordance with paragraph (b)(ii) of this Section 9.3, it being understood that the mere allegation of fraud, willful misconduct, bad faith, malfeasance or any similar such claim as part of multiple claims constituting an Indemnifiable Claim, shall not be deemed, in and of itself, to provide the basis for the Indemnified Party's rights as set forth in this clause (y). In all cases, the party without the right to control the defense of the Indemnifiable Claim may participate in the defense at its own expense. In the case of a third party claim, the Indemnifying Party shall inform the Indemnified Party within 20 days of receiving the written notice seeking indemnification whether the party elects to control the defense and irrevocably acknowledges its obligation to indemnify the Indemnified Party therefor. The Indemnifying Party shall be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof, provided that it either irrevocably acknowledges in writing its indemnity obligations with respect to the Indemnity Claim or it is determined by a court of competent jurisdiction that it is obligated hereunder to provide such indemnification. If the Indemnifying Party disputes its liability with respect to a potential Indemnifiable Claim or the amount thereof (whether or not it desires to defend the Indemnified Party against a third party claim), the parties shall endeavor in good faith to settle such dispute. The Indemnifying Party shall not settle or compromise a third party claim or legal proceeding without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, delayed or conditioned; provided that such prior written consent shall not be required with respect to any Indemnifiable Claim that relates to any item referred to in Sections 9.1(c), (d), (e), (f), (g), (h), or (i), except with respect to any Indemnifiable Claim relating to Remediation of Hazardous Substances that is covered by Section 5.18 shall remain subject in all respects to the terms of Section 5.18. The Indemnified Party shall not settle or compromise a third party claim for which it is entitled to indemnification hereunder without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed. If the Indemnifying Party does not assume the defense of any third party claim or litigation resulting therefrom within 20 days after the date it receives notice of such claim from the Indemnified Party, the Indemnified Party may defend against such claim or litigation in such manner as it may deem appropriate, including settling such claim or litigation, after giving notice to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate. Notwithstanding anything in this Section 9.3 to the contrary, if for any reason (for example the effect of the limitations set forth in Sections 9.4 or 9.5 or evidence that an Indemnifiable Loss may be attributable to events before or after Closing) there is any uncertainty whether an Indemnifiable Claim will be for the account of the Seller Indemnitors or Purchaser, the parties will (A) cooperate in good faith to determine

whether an Indemnifiable Claim will be for the account of the Seller Indemnitors or Purchaser, (B) until such uncertainty is resolved to the mutual satisfaction of the parties, jointly determine who will control the defense and settlement of any such Indemnifiable Claim and how such defense and settlement will be handled, (C) cooperate with each other in the defense and settlement of such Indemnifiable Claim and the exchange of information relevant thereto, (D) unless otherwise agreed, share the out-of-pocket costs of such defense and settlement (including the costs of investigation, response and mitigation) equally until the parties' respective rights to indemnification for such costs are resolved, and (E) treat the defense and settlement of such Indemnifiable Claim as a joint and common defense, including any joint defense agreement which may be entered into by the parties.

(ii) In the case of claims described in the proviso to the first sentence of Section 9.3(b)(i), the Indemnified Party may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise or settle such claim, at the expense of the Indemnifying Party, but the Indemnifying Party will not be bound by any compromise or settlement effected without its consent (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnified Party shall conduct the defense in good faith and in a commercially reasonable manner, and shall inform the Indemnifying Party periodically, or upon the Indemnifying Party's reasonable request, of the status of the litigation. The Indemnified Party's choice of counsel shall be subject to the consent of the Indemnifying Party, such consent not to be unreasonably withheld or delayed. The Indemnifying Party may participate in the defense thereof, at its own expense. If, in order to preserve existing insurance for a claim against IPC currently maintained by Dynegy, it is necessary to permit Dynegy's insurer to conduct the defense of IPC, Purchaser will consider in good faith waiving or sharing its right to control such defense so that Dynegy's insurance rights are not lost, subject to the condition that the insurer accepts the tender of the claim without reservation of rights. Notwithstanding anything to the contrary in this Section 9.3(b), any Indemnifiable Claim relating to Hazardous Substances that is covered by Section 5.18 shall remain subject in all respect to the terms of Section 5.18.

(c) Indemnification Payments on After-Tax Basis. Any indemnification payment hereunder with respect to any Indemnifiable Loss shall be an amount which is sufficient to compensate the Indemnified Party for the event giving rise to such Indemnifiable Loss (the "Indemnified Event"), after taking into account (i) all increases in federal, state, local, foreign or other Taxes payable by the Indemnified Party as a result of the receipt of such payment (excluding any increased Tax that results from the receipt of such payment causing a reduction in Tax basis or similar Tax attributes); (ii) to the extent not previously taken into account in computing the amount of such Indemnifiable Loss, all increases in federal, state, local and other Taxes (including estimated Taxes) payable by the Indemnified Party for all affected taxable years and periods as a result of the Indemnified Event; and (iii) to the extent not previously taken into account in computing the amount of such Indemnifiable Loss, all reductions in federal, state, local and foreign Taxes (including estimated Taxes) realized or realizable by the Indemnified Party as a result of the Indemnified Event and any indemnification payments made with respect thereto for all affected taxable years and periods. All calculations shall be made at the time of the relevant indemnification payment using reasonable

assumptions (as agreed to by the Indemnifying Party and Indemnified Party) and present value concepts (using a discount rate equal to the Applicable Rate in effect at the time of the Indemnified Event using semi-annual compounding). Purchaser and Seller agree to report each indemnification payment hereunder as an adjustment to the Purchase Price for federal income tax purposes unless the Indemnified Party receives an opinion from nationally recognized tax counsel, in form and substance reasonably satisfactory to the Indemnifying Party, to the effect that such reporting position is incorrect (it being understood that if any reporting position is later disallowed in any administrative or court proceedings, the Indemnifying Party shall indemnify the Indemnified Party for the effects of such disallowance (including any increased Tax that results from such disallowance), and it being further understood that the obligations under this parenthetical clause shall remain in effect without limitation as to time).

(d) If the Indemnifying Party disputes its liability with respect to a potential Indemnifiable Claim or the amount thereof, the non-prevailing party in such dispute shall indemnify the prevailing party for attorneys' fees and expenses incurred by the prevailing party in the conduct of such dispute.

(e) If there shall be any conflicts between this Section 9.3 and Section 5.18, the provisions of Section 5.18 shall control. The foregoing provisions of this Section 9.3 shall not apply to any Tax Controversy.

Section 9.4 Survival. The representations and warranties contained in or made pursuant to this Agreement shall expire upon the completion by the independent auditors of Purchaser of the second annual audit of Purchaser's financial statements following the Closing Date, but no later than March 31 of the pertinent year, except that the representations and warranties contained in Sections 3.1, 3.2, 3.3, 3.17, 4.1, 4.2 and 4.7 shall survive until the expiration of the applicable statute of limitations. This Article IX shall survive the Closing and shall remain in effect (a) with respect to Sections 9.1(a) and 9.2(a), so long as the relevant representations and warranties survive, (b) with respect to Sections 9.1(b) and 9.2(b) to the extent those Sections relate to the covenants requiring performance solely prior to the Closing ("Pre-Closing Covenants"), for one year after the Closing, (c) with respect to Sections 9.1(b) and 9.2(b) to the extent those Sections relate to covenants requiring performance after the Closing, so long as the applicable covenant survives, (d) with respect to Section 9.1(i), for the period provided in Schedule 5.19, and (e) with respect to all of the other provisions of this Article IX, indefinitely. Any matter as to which a non-speculative claim has been asserted in good faith by written notice in accordance with Section 9.3(a) that is pending, unresolved and being diligently pursued at the end of any applicable limitation period shall continue to be covered by this Article IX notwithstanding any applicable limitation period until such matter is finally terminated, not being diligently pursued or otherwise resolved by the parties under this Agreement or by a court of competent jurisdiction and any amounts payable hereunder are finally determined and paid. Any Indemnifiable Claim that has not been asserted against the Indemnifying Party in accordance with Section 9.3(a) prior to the end of any applicable limitation period shall be barred and forever waived by the Person entitled to assert such claim.

Section 9.5 Limitations on Indemnification.

(a) The Seller Indemnitors shall not be required to indemnify any Person under Section 9.1(a) unless (i) the indemnified amount that would be payable by the Seller Indemnitors with respect to any given Indemnifiable Claim exceeds \$400,000 ("Seller Includable Claims"); and (ii) the aggregate amount for all Seller Includable Claims exceeds \$30,000,000, and in such event, Seller Indemnitors shall be responsible for only the amount in excess of \$30,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 3.1, 3.2, 3.3 and 3.17. In no event shall the total indemnification to be paid by the Seller Indemnitors under Section 9.1(a) exceed \$400,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 3.1, 3.2, 3.3 and 3.17. The Seller Indemnitors shall not be required to indemnify any Person under Section 9.1(d) unless the amount that would be payable by the Seller Indemnitors with respect to any given Indemnifiable Claim exceeds \$400,000.

(b) Purchaser shall not be required to indemnify any Person under Section 9.2(a) unless (i) the indemnified amount that would be payable by Purchaser with respect to any given Indemnifiable Claim exceeds \$400,000 ("Purchaser Includable Claims"); and (ii) the aggregate amount for all Purchaser Includable Claims exceeds \$30,000,000, and in such event, Purchaser shall be responsible for only the amount in excess of \$30,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 4.1, 4.2 and 4.7. In no event shall the total indemnification to be paid by Purchaser under Section 9.2(a) exceed \$400,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 4.1, 4.2 and 4.7.

(c) Any Indemnifiable Claim with respect to any breach or nonperformance by any party of a representation, warranty, covenant or agreement shall be limited to the amount of actual Indemnifiable Losses sustained by the Indemnified Party by reason of such breach or nonperformance, net of any insurance or other proceeds received by the Indemnified Party in respect of such claim. Nothing in this Agreement is intended to require or permit the payment by the Indemnifying Party of duplicative, in whole or in part, indemnity payments hereunder to an Indemnified Party.

(d) If an inaccuracy in any of the representations and warranties made by Dynegy or Seller, or a breach of any of the covenants of Dynegy or Seller, gives rise to an adjustment in the Purchase Price or is otherwise addressed in some other provision of this Agreement, then such inaccuracy or breach shall not give rise to an indemnification obligation under Section 9.1.

(e) If any Indemnifiable Claim is based upon or resulting from any inaccuracy in any of the representations and warranties and is also subject to indemnification under Sections 9.1(b) through (i), the provisions of this Section 9.5 applicable to inaccuracies in any representation or warranty shall be inapplicable to such Indemnifiable Claim.

(f) If any Indemnifiable Claim is based upon or resulting from any breach or inaccuracy in Section 3.19(a), Dynegy shall have the right and option, but not the obligation, to contribute and deliver, or cause to be contributed and delivered, within 30 days after notice with respect to such Indemnifiable Claim has been delivered in accordance with Section 9.3(a), such assets as are required to cure (in whole or in part) such breach or inaccuracy. In the event Dynegy makes such election and fails for whatever reason to cure (in whole or in part) such breach or inaccuracy, in no event shall such failure be deemed a breach or non performance of a covenant or obligation of any Dynegy Party, and Purchaser shall be entitled to pursue any remedy available to it with respect to the original breach or inaccuracy of Section 3.19(a) to the extent such breach or inaccuracy remains uncured.

Section 9.6 Mitigation. Each potential Indemnified Party shall use commercially reasonable efforts to address any claims or liabilities in the same manner it would respond to such claims or liabilities in the absence of the indemnification provisions of this Agreement. In the event that any party shall willfully fail to make such commercially reasonable efforts to mitigate or resolve any claim or liability, then notwithstanding anything else to the contrary contained herein, the other party shall not be required to indemnify any Person for any Indemnifiable Loss that could reasonably be expected to have been avoided if such party had made such efforts.

Section 9.7 Remedies Exclusive. Except as otherwise provided in Article VII, the remedies provided for in this Article IX shall be exclusive and shall preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against the Indemnifying Party for claims based on this Agreement, other than fraud. In no event shall the mere breach of a representation or warranty be deemed to constitute bad faith, misconduct or fraud. Each party hereby waives any provision of Law to the extent that it would limit or restrict the agreement contained in this Section 9.7.

Section 9.8 Tax Indemnification Matters. Notwithstanding anything to the contrary in this Article IX, the above provisions of Article IX shall not apply to Income Tax indemnification matters, which matters shall instead be governed by Article VII.

Section 9.9 Qualification as to Materiality. The following occurrences as to materiality or Material Adverse Effect shall not be disregarded in the application of Section 9.1(a): (i) in the fifth sentence of Section 3.5; (ii) in the phrase "fairly presents in all material respects" in Section 3.6; and (iii) clause (ii) of Section 3.7(a) and the definition of "Material Adverse Effect" as used in such clause. The requirement to disregard qualifications as to materiality and Material Adverse Effect shall not be deemed to modify or eliminate any dollar amount specifically stated in this Agreement or any concept of materiality that is embodied in any requirement of Law or in GAAP.

**ARTICLE X
TERMINATION AND WAIVER**

Section 10.1 Termination. This Agreement may be terminated as to all parties at any time prior to the Closing:

(a) by the mutual written consent of Dynegy and Purchaser; or

(b) by either Dynegy or Purchaser, by written notice to the other party, if the Closing shall not have occurred on or before December 31, 2004 (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 10.1 shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date; or

(c) by Dynegy, by written notice to Purchaser, if there shall have been one or more breaches of any representation or warranty, or any covenant or agreement of Purchaser hereunder, which breach or breaches individually or in the aggregate would reasonably be expected to prevent, materially delay or materially impair Purchaser's or its Affiliates' ability to consummate the transactions contemplated by this Agreement, and such breach shall not have been remedied within 30 days after receipt by Purchaser of notice in writing from Dynegy specifying the nature of such breach and requesting that it be remedied or Dynegy shall not have received adequate assurance of a cure of such breach within such 30-day period; or

(d) by Purchaser, by written notice to Dynegy, if there shall have been one or more breaches of any representation or warranty, or any covenant or agreement of Dynegy or Seller hereunder, which breach or breaches individually or in the aggregate would result in a Material Adverse Effect or reasonably be expected to prevent, materially delay or materially impair Dynegy's or Seller's ability to consummate the transactions contemplated by this Agreement, and such breach shall not have been remedied within 30 days after receipt by Dynegy of notice in writing from Purchaser, specifying the nature of such breach and requesting that it be remedied or Purchaser shall not have received adequate assurance of a cure of such breach within such 30-day period; or

(e) by either Dynegy or Purchaser in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable.

Section 10.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 10.1:

(a) this Agreement shall forthwith become void thereafter and there shall be no liability on the part of either party except that (i) the Section 5.2(a)(last sentence only), Section 5.6, Section 10.1, this Section 10.2 and Article XI shall survive any such termination and (ii) nothing herein shall be deemed to release any party from any liability for any willful breach by such party of the terms and provisions of this Agreement or to impair the right of any

party to compel specific performance by any other party of its obligations under this Agreement; and

(b) Purchaser and its Affiliates shall return or destroy (and provide a certificate to Dynegy from an authorized officer of Purchaser certifying to such destruction) all documents and other material received from Dynegy, Seller, any IPC Company or any representative of Dynegy relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to Dynegy; and all confidential information received by Purchaser or its Affiliates shall be treated in accordance with the Confidentiality Agreement, which shall remain in full force and effect notwithstanding the termination of this Agreement.

ARTICLE XI GENERAL PROVISIONS

Section 11.1 Expenses. Except as otherwise specified in this Agreement or the Ancillary Agreements, as applicable:

(a) all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants (including any brokerage, finder's or other fee or commission), incurred in connection with this Agreement and the Ancillary Agreements, and the transactions contemplated hereby and thereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred;

(b) all non-recurring, out-of-pocket costs and expenses payable to third parties, if any, incurred by the IPC Companies in connection with this Agreement and the transactions contemplated hereby, including the fees, expenses and disbursements of the IPC Companies' outside counsel and accountants shall be paid by Dynegy (it being understood that time and expenses of employees of the IPC Companies in connection with the transactions contemplated by this Agreement and the Ancillary Agreements shall be borne by the IPC Companies); and

(c) the aggregate out-of-pocket costs and expenses payable to third parties incurred by Purchaser, Seller and Dynegy in connection with obtaining the Solvency Opinion shall be paid one-half by Purchaser and one-half by Dynegy.

Section 11.2 No Additional Representations.

(a) In connection with Purchaser's investigation of the IPC Assets, the IPC Companies and the Business, Purchaser has received from Seller certain projections, estimates and other forecasts and certain business plan information. Purchaser acknowledges that there are uncertainties inherent in attempting to make such projections, estimates and other forecasts and plans, that Purchaser is familiar with such uncertainties, that Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections, estimates and other forecasts and plans so furnished to it and any use of or reliance by Purchaser on such projections, estimates and other forecasts and plans shall be at its sole risk, and without limiting any other provisions herein, that Purchaser shall have no claim against anyone with respect thereto. Accordingly, Purchaser acknowledges, agrees and confirms that Seller and its Affiliates, officers, directors, employees, agents and representatives, do not

make, have not made nor shall be deemed to have made any representation or warranty to Purchaser, express or implied, at law or in equity, with respect to such projections, estimates, forecasts or plans.

(b) Purchaser acknowledges that it and its representatives have been permitted reasonable access to the books and records, facilities, equipment, Tax Returns, Contracts, insurance policies (or summaries thereof) and other properties and assets of the IPC Companies that it and its representatives have desired or requested to see or review, and that it and its representatives have had a full opportunity to meet with the officers and knowledgeable employees of the IPC Companies to discuss the IPC Assets, the IPC Companies and the Business. Purchaser acknowledges that (i) none of Seller, any IPC Company and any other Person has made or is making any representation or warranty, expressed or implied or other, as to any of the IPC Companies, IPC Assets or the Business, this Agreement or the transactions contemplated hereby, or the accuracy or completeness of any information regarding any of the IPC Companies, the IPC Assets or the Business furnished or made available to Purchaser and its representatives, except as set forth in this Agreement and (ii) Purchaser has not relied on any representation or warranty from Dynegy and Seller or any other Person in determining to enter into this Agreement, except as set forth in this Agreement and the Ancillary Agreements.

(c) Purchaser hereby agrees not to initiate, or cause to be initiated, against Seller or any of its Affiliates or any other Person any Action (or make any claim within any Action), and no Seller or any of its Affiliates or any other Person will have or will be subject to any liability or indemnification obligation to Purchaser or any other Person based on representations and warranties (other than representations and warranties contained in this or any Ancillary Agreement for such time as such representations and warranties survive in accordance with this Agreement or such Ancillary Agreement, as the case may be), or resulting from the distribution to Purchaser, or Purchaser's use of, any information provided to Purchaser, including any information (including opinions, statements and data), projections, documents or material made available to Purchaser at any time in certain "data rooms", management presentations, "break out" discussions, other discussions among the parties and their representatives, responses to inquiries submitted on behalf of Purchaser, whether orally or in writing, or in any other form in connection with this Agreement or in furtherance of the transactions contemplated by this Agreement. Nothing in the foregoing paragraph shall be construed to limit the provisions of Article IX or fraud claims.

(d) Purchaser has such knowledge and experience in financial and business matters so that it is capable of evaluating the merits and risks of this acquisition. Purchaser is aware of and has considered the financial risks and hazards of this acquisition and has undertaken such investigation, and has been provided with and has evaluated such documents and information, as it has deemed necessary in connection with the execution, delivery and performance of this Agreement. Purchaser hereby acknowledges and agrees that, except as set forth in Article III of this Agreement, the Shares are transferred "AS IS," "WHERE IS" AND, SUBJECT TO THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE III, WITH ALL FAULTS AND WITHOUT ANY OTHER REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE WHATSOEVER, EXPRESS OR IMPLIED, ORAL OR WRITTEN, AND IN PARTICULAR, WITHOUT LIMITING ANY OF THE

FOREGOING, WITHOUT ANY IMPLIED WARRANTY OR REPRESENTATION AS TO (A) CONDITION, VALUE, MERCHANTABILITY OR FITNESS OR SUITABILITY FOR ANY SPECIFIC PURPOSE AS TO ANY OF THE ASSETS OR PROPERTIES OF THE IPC COMPANIES, (B) THE OPERATION OF THE BUSINESS BY PURCHASER AFTER THE CLOSING IN ANY MANNER OR (C) THE PROBABLE SUCCESS OR PROFITABILITY OF THE OWNERSHIP, USE OR OPERATION OF THE BUSINESS OR THE IPC ASSETS BY PURCHASER AFTER THE CLOSING. Nothing in the foregoing paragraph shall be construed to limit the provisions of Article IX or fraud claims.

Section 11.3 Materiality. Subject to Section 8.2(b), as used in this Agreement, the term "material" (except with regard to material compliance) and the concept of the "material" nature of an effect upon the IPC Assets, the Business or the IPC Companies shall be measured relative to the IPC Assets, the Business and the IPC Companies at the time of such measurement. Despite the fact that there are items that have been included in the Schedules and may be included elsewhere in this Agreement, the inclusion of such items shall not be deemed to be an agreement by Seller that such items are "material" or to further define the meaning of such term for purposes of this Agreement.

Section 11.4 Disclosure Schedules. The Disclosure Schedules to this Agreement are arranged corresponding to the numbered and lettered sections contained in this Agreement, but the terms of this Agreement and disclosures in any Schedules shall qualify any other applicable representation and warranty provision of this Agreement (whether or not qualified by a Schedule) to the extent the relevance of such disclosure is reasonably apparent based on the facts specified in such matters described.

Section 11.5 Limitation on Damages. Notwithstanding anything to the contrary elsewhere in this Agreement, no party (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for (i) any exemplary or punitive damages in connection with this Agreement, except for any such damages awarded to a third party for which an Indemnifying Party is liable hereunder, or (ii) any damages to the extent such damages were not reasonably foreseeable.

Section 11.6 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.6):

(a) if to Seller, IGC or Dynegy:

Illinova Corporation
500 South 27th St.
Decatur, Illinois 62521
Attention: Chief Legal Officer
Facsimile No.: (217) 362-7417

Illinova Generating Company
c/o Dynegy Inc.
1000 Louisiana St., Suite 5800
Houston, Texas 77002
Attention: General Counsel
Facsimile No.: (713) 507-6808
and

Dynegy Inc.
1000 Louisiana St., Suite 5800
Houston, Texas 77002
Attention: General Counsel
Facsimile No.: (713) 507-6808

with a copy to:

O'Melveny & Myers LLP
1625 Eye Street, NW
Washington, DC 20006
Attention: David G. Pommerening
Facsimile No.: (202) 383-5414

(b) if to Purchaser:

Ameren Corporation
1901 Chouteau Avenue
St. Louis, MO 63166-6149
Attention: Steven R. Sullivan
Facsimile No.: (314) 554-4014

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52 Street
New York, NY 10019-6150
Attention: Elliott V. Stein
Facsimile No.: (212) 403-2000

Section 11.7 Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.8 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any

term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 11.9 Entire Agreement. Except with respect to the Confidentiality Agreement (which shall survive in accordance with its terms except as otherwise specified in Section 5.6), this Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof.

Section 11.10 Assignment. This Agreement may not be assigned by any party, by operation of Law or otherwise without the prior written consent of the other party (which consent may be granted or withheld in the sole and absolute discretion of such other party); provided, however, that Purchaser may assign any of its rights and obligations under this Agreement to a Subsidiary of Purchaser; provided, further, that no such assignment shall relieve Purchaser of any of its obligations under this Agreement. Any attempted assignment in violation of this Section 11.10 shall be void. In the event any party (a) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (b) transfers all or substantially all of its properties and assets to any Person, then and in any such case, proper provision shall be made so that the successors and assigns of such party shall assume the obligations set forth in this Agreement.

Section 11.11 No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties and their successors and permitted assigns and nothing herein is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except as expressly provided in this Agreement.

Section 11.12 Amendment. This Agreement may not be modified or amended except by and to the extent set forth in an instrument in writing signed by the parties.

Section 11.13 Waiver. Purchaser or any Dynegy Party may (a) extend the time for the performance of any of the obligations or other acts of any Dynegy Party or Purchaser, respectively, (b) waive any inaccuracies in the representations and warranties of any Dynegy Party or Purchaser, respectively, contained herein or in any document delivered by any Dynegy Party or Purchaser, respectively, pursuant hereto or (c) waive compliance with any of the agreements or conditions of any Dynegy Party or Purchaser, respectively, contained herein. Any such extension or waiver shall be valid only if, and to the extent, set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 11.14 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any New York state or federal court sitting in the City of New York, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. Each party irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such party at its address specified in Section 11.6. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Section 11.14 shall affect the right of any party to serve legal process in any other manner permitted by Law. The consents to jurisdiction set forth in this Section 11.14 shall not constitute general consents to service of process in the State of New York and shall have no effect for any purpose except as provided in this Section 11.14 and shall not be deemed to confer rights on any Person other than the parties.

Section 11.15 WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.15.

Section 11.16 Specific Performance; Remedies. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof. No failure or delay on the part of any party in exercising any right, power, privilege or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise of the same or any other right, power, privilege or remedy.

Section 11.17 Counterparts. This Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 11.18 Representation by Counsel; Interpretation. The parties each acknowledge that each party has participated in the drafting of and been represented by counsel

in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of Law or any legal decision that would require interpretation of any claimed ambiguities in any portions of this Agreement against the party that drafted it has no application and is expressly waived. If any provision of this Agreement is, in the judgment of the trier of fact, ambiguous or unclear, that provision shall be interpreted in a reasonable manner to effect the intent of the parties.

Section 11.19 Commercially Reasonable Efforts to Consummate. Without limitation on the other obligations of the parties pursuant to this Agreement, each party shall use its commercially reasonable efforts to consummate the Closing as soon as reasonably practicable.

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IN WITNESS WHEREOF, Seller, IGC, Dynegy and Purchaser have caused this Purchase Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ILLINOVA CORPORATIONBy /s/ ROBERT T. RAYName: **Robert T. Ray**
Title: **Senior Vice President & Treasurer****ILLINOVA GENERATING COMPANY**By /s/ ROBERT T. RAYName: **Robert T. Ray**
Title: **Senior Vice President & Treasurer****DYNEGY INC.**By /s/ ROBERT T. RAYName: **Robert T. Ray**
Title: **Senior Vice President & Treasurer****AMEREN CORPORATION**By /s/ STEVEN R. SULLIVANName: **Steven R. Sullivan**
Title: **Senior Vice President Regulatory
Policy, General Counsel & Secretary**